

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCTS PRICE CHANGES  
RATES OF GENERAL APPLICABILITY

Docket No. CP2014-5

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 2, QUESTION 1**  
(December 3, 2013)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 2, Question 1, which was issued on November 21, 2013. Responses were due by November 26, 2013. Question 1 is reprinted verbatim and is followed by the Postal Service's response. Certain portions of the Postal Service's response have been provided under seal. The Postal Service herein incorporates by reference its Application for Non-Public Treatment in this docket for the protection of the material filed under seal.

Respectfully submitted,

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December 3, 2013

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 2

1. Please refer to Excel file "International CS Summary 2014 AR Jan NonPublic.xls," which shows the forecasted FY 2014 financial data for international mail products.<sup>1</sup> Please explain how the forecasted FY 2014 cost coverage for the International Direct Sacks – Airmail M-bags product complies with section 3633(a)(2).

**RESPONSE:**

Upon review of the financial forecast for International Direct Sacks-M-Bags for the upcoming year, we note that FY2012 ICRA cost coverage for the product was [REDACTED] with a positive contribution of [REDACTED] and the product has also maintained cost coverage well above [REDACTED] in previous years. In FY2013, the percent change in unit revenue decreased substantially from [REDACTED] to [REDACTED] as is reported in the FY2013 RPW Report, provided to the Commission on November 27, 2013. International Direct Sacks-M-Bags has also received an above-CPI increase of 2.9% for 2014. Volume for the product makes up a minor contribution in revenue and is highly unlikely to have a demonstrable impact on the overall competitive cost coverage of our product portfolio. All international products in aggregate have a healthy cost coverage.

We will review data about this product's performance in the near term, and if the cost coverage is found not to be anomalous, then the USPS intends to remedy the situation at the next rate cycle. In the interest of rate stability for customers, we believe it would be prudent to move forward with the 2014 rates provisionally and review this matter at the next rate cycle.

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<sup>1</sup> Folder Supp. Info-Finance\_CP2014-5, sub-folder International, Excel file "International CS Summary 2014 AR Jan NonPublic.xls."